

**MINUTES OF LAYTON CITY
COUNCIL BUDGET WORK MEETING MARCH 3, 2015; 8:11 A.M.**

**MAYOR AND COUNCILMEMBERS
PRESENT:**

**MAYOR BOB STEVENSON, JOYCE BROWN,
TOM DAY, JORY FRANCIS, SCOTT FREITAG
AND JOY PETRO**

STAFF PRESENT:

**ALEX JENSEN, GARY CRANE, BILL WRIGHT,
JIM MASON, TRACY PROBERT, ALLEN
SWANSON, TERRY COBURN, DAVID PRICE,
KEVIN WARD AND THIEDA WELLMAN**

The meeting was held in the Council Conference Room of Fire Station 51, 530 North 2200 West, Layton, Utah.

Mayor Stevenson opened the meeting and indicated that Councilmember Freitag would be a little late. He turned the time over to Staff.

AGENDA:

2015-2016 BUDGET DISCUSSION

Alex Jensen, City Manager, said Staff would provide budget information and some recommendations for funding going forward, particularly for capital expenditures. He said the main focus today would be on the general fund. Everything being presented were recommendations; Council would make the final decisions. Alex said there would be a break for lunch around 11:30. He said Department Directors would be done after this morning, and he would be meeting with the Mayor and Council this afternoon.

Alex handed out copies of the annual report and reviewed some of the information included in the report. He thanked the Mayor and Council, and he expressed his appreciation to the Department Directors. Alex expressed appreciation for the many years he had been able to work for the City. He said the good things that happened in the City started and stopped with the Mayor and City Council; he mentioned some surrounding cities that had disruptive elected officials that ultimately hurt the cities. Alex expressed appreciation to the Mayor and Council for what they did and for providing good leadership. He turned the time over to Tracy Probert, Finance Director.

Tracy said if there were questions along the way to please speak out. He reviewed the agenda and the budget calendar, which suggested budget meetings on March 19th and 26th in conjunction with work meetings, and possibly on April 16th if an additional meeting was needed. Tracy said the tentative budget would be adopted on May 7th, which was required by State statute, and the final budget would be adopted on June 18th. He said if the Council decided to do a truth in taxation hearing, which was required in order to raise property taxes, final adoption would be extended to August.

Tracy reviewed economic outlook information for FY 2015 and FY 2016. He said Layton had a healthy housing market and interest rates were low. Tracy said there had been active commercial development, growing sales tax, and lower fuel prices, which equaled more disposable income. He mentioned job expansion at Hill AFB.

Tracy reviewed general fund budget projections for 2015/2016 and indicated that total general fund revenues were estimated to be \$29,745,724. He reviewed general fund personnel expenditures and the recommended merit increase. Tracy reviewed other general fund expenditures including transfers to other funds.

Tracy indicated that the budgeted general fund balance was anticipated to be a negative \$1,000,000, which would be taken from fund balance. He said this was a pretty good picture; last year it was budgeted to be a negative \$1,770,000. Tracy indicated that fund balance would be \$4,991,000 or 16.78%. He said law allowed that to be between 5% and 25% of revenue. Tracy said in the past few years the City tried to keep that around 15%.

Alex said \$50,000 had been budgeted for Council contingency, which was money that was made available for the Council to use at their discretion over the year. He said last year it had been \$30,000. Alex said the \$50,000 was getting back to what it had been in years past.

Councilmember Brown asked what it had been used for in the past.

Alex said typically the Council used it for special functions, or things that came up through the year that they wanted to support. He said it could be used for public relations.

Mayor Stevenson suggested holding a reception to honor the Layton High basketball team for their victory at State.

Tracy reviewed full time equivalent employee information by department. He said there were 301 full time positions in the City and 94 part-time positions. Tracy indicated that 70.5% of the general fund budget went toward compensation for employees. He reviewed historic wage information for the City.

Councilmember Francis said it would be interesting to see national and State information relative to wage history.

Alex said prior to 2007 generally the salary increases were running \$1,000,000 because the City was funding a cost of living increase and merit increases. He said the environment had been different since 2007. Alex said there had been no cost of living increases; increases were only merit increases, based on performance. He said the cost had been relatively flat compared to prior to 2007.

Tracy reviewed what the cost would be for different percentages of merit increases.

Councilmember Day asked how many employees would receive a merit increase.

Alex said every employee would get some merit; if they didn't warrant a merit they didn't work here. He said the average was 3%; some were higher and some were lower.

Councilmember Petro asked what the maximum increase could be.

Alex said the range was from 0% to 5%; some exceptional performers were in the 4% range.

Councilmember Francis said it was a balance to keep highly motivated employees but not break the bank.

Tracy reviewed personnel requests and indicated that there was a request for 1 full time position in the Legal Department and 5 part-time positions in various other departments.

Gary Crane, City Attorney, said as of January 1, 2015, the Legal Department had to e-file everything that was put into the court system. He said in the past this was handled by the court, but now his Staff had to do the work. Gary said the request was to move a part-time position to a full time position. He said very often the State mandated things that ultimately had to be paid for by the cities. Gary said they would also be required to use new software, which would require additional training. He said historically, part-time employees would come and go, but a full time person had longevity.

Tracy indicated that there was a request for a new part-time crossing guard for an anticipated new

crossing at 3800 West and Gentile Street. He indicated that there was a request for a new part-time fire inspector position.

Kevin Ward, Fire Chief, said the requested part-time position was a result of efficiency meetings that had been held with the Community and Economic Development Director.

Tracy said there was a request for a part-time position in the Public Works Streets Division, and a request to fund a promotion for Steve Jackson to Assistant City Engineer.

Alex said, as Council was aware, Debi Richards had retired. He said Terry and Woody wanted to change the structure of the department and have two Assistant City Engineers. Alex said Shannon Hanson was the Assistant City Engineer on the development side and it was proposed that Steve Jackson be an Assistant City Engineer on the infrastructure side.

Alex explained the request to make an intern position into a part-time position in the Engineering Division.

Terry Coburn, Public Works Director, discussed some of the Engineering Staff.

Tracy said there was a request for a part-time Parks Planner, which was a result of Scott Carter being shifted to Administration over special projects.

David Price, Parks and Recreation Director, said Joellen Grandy was brought in using seasonal money, but the request was to make it a regular part-time position.

Councilmember Petro asked what the full time position pay would be for the Legal Department.

Tracy said the starting salary would be the same as the part-time position, but the cost of benefits would be much higher.

Tracy reviewed general fund operations budgets for the various departments. He said there was about a 4% increase over the current year.

Alex said Administration was up because of the election. He said that would go up and down every other year. Alex said the Fire Department increase was for turnout gear and new hoses.

Kevin Ward explained the new hoses that would be purchased.

Councilmember Petro asked if a new ambulance would be funded, and where that would be located in the budget.

Alex said large projects and purchases were in the Capital Improvements Plan budget.

Tracy said anything over \$50,000 was generally in the CIP.

Alex said operations were not a big piece of the budget, but Staff had been very sensitive with those costs going up. He explained how those funds were managed and kept as lean as possible. Alex explained the increasing costs of technology.

Allen Swanson, Interim Chief, said a lot of the technology used in the Police Department was State mandated.

Gary said body cameras would be a huge cost to cities.

Jim Mason, Assistant City Manager, said the City had two programmers on Staff that developed many

programs used by the City. He said this was a huge cost savings because the City didn't have to pay an annual maintenance fee for those programs.

Council and Staff discussed services the programmers provided to various departments.

Tracy reviewed retirement costs. He said for 2016 the Utah Retirement System was not proposing an increase in rates. Tracy said this was the first time in a long time that rates had not increased.

Tracy explained a new requirement for recording liabilities in enterprise funds.

Tracy reviewed the health insurance cost increases due to claims and Affordable Care Act impacts.

Council and Staff discussed changes made to the health insurance plan as of the first of the year and the reduction in claims for the first two months of this year.

Tracy reviewed information about the UTOPIA reserve commitment.

Tracy reviewed general fund revenues. He indicated that 41% of revenues came from sales tax and 24% came from property tax. Tracy said this percentage was very similar to other cities in the State.

Council and Staff discussed the importance of buying local. They discussed the property tax calculation and regional marketing.

Mayor Stevenson commented on the importance of the upgrades coming to the interchanges. He discussed the timing of the road construction projects.

Tracy reviewed current year sales tax revenue information. He indicated that December was \$1,396,000, which was the largest one month period the City had ever received. Tracy said sales tax revenue was 7.29% ahead of the same time period last year.

Council and Staff discussed other cities in the area.

Mayor Stevenson mentioned some things the City was working on to increase sales tax revenue.

Tracy discussed sales tax trends over the past 20 years. He reviewed sales tax revenues by category and indicated that all were trending upward. Tracy said WinCo would make an impact.

Tracy reviewed trends in property tax revenues and franchise tax revenues.

Council and Staff discussed the impact of UTOPIA on telecom tax revenues.

Tracy reviewed trends in municipal energy tax revenue, building permit revenue and fee in lieu revenue. He reviewed Class C Road fund revenue trends and expenses. Tracy said B and C Road fund revenues were not keeping up with expenses.

Alex said the City was falling further behind with maintenance of existing roads because of this issue. He said the budget recommended 1.3 million dollars for repairs, but double that amount could easily be spent to maintain roads. Alex said it was much more expensive to repair a damaged road than it was to maintain a road. He said the Mayor had led a push to get the Legislature to change funding for roads, but it probably wouldn't happen.

Mayor Stevenson said if they did nothing on the sales tax side, the County had the ability to impose a special ¼ percent sales tax for transportation. He said the City would need to push the County to do that.

Tracy reviewed historical information about revenues versus expenditures.

The meeting suspended at 10:03 a.m.

The meeting reconvened at 10:19 a.m.

Tracy reviewed historical information about the use of and return to fund balance. He reviewed other entities in the area and their unassigned fund balance.

Tracy reviewed utility rates. He indicated that the North Davis Sewer District would increase rates by \$3 in 2016, 2017 and 2018. Tracy said the new garbage contract indicated that rates would increase \$.35 for first cans and \$.25 for second cans beginning in July, but they would not need to be increased over the next five years of the contract. He said the current minimum utility bill was \$101.20 for two months; with the budgeted changes it would go to \$107.90.

Mayor Stevenson asked how much it would cost the City to go to an every month billing process.

Tracy said that was something that could be explored with the new software; the current software wouldn't accommodate that now. He said it would cost more to read the meters every month, and it may require a couple of additional personnel. Tracy said the new meter registers would help with reading meters.

Mayor Stevenson asked if most cities billed every other month.

Tracy said some billed every month, but it required more personnel to do that. He said there was also a savings with postage costs and printing costs.

Tracy said the \$3 increase from the Sewer District would generate 1.1 million dollars per year for the Sewer District.

Mayor Stevenson explained the District's justification for the rate increases.

Tracy reviewed utility rates from surrounding cities.

Alex asked Tracy to discuss the recycling proposal from Waste Management.

Tracy said in their current proposal, Waste Management was offering a recycling can for \$5.50 a month. He said the can would be picked up twice a month and it could be an opt-in program.

Alex said Staff wasn't recommending or not recommending the recycling program. He said it would have some impact on private companies that were now providing that service in a limited capacity.

Mayor Stevenson suggested talking with the Burn Plant before proceeding with a recycling program.

Tracy reviewed capital equipment requests being proposed. He mentioned the Legal Department's request for a criminal software program and server.

Council and Staff discussed Police Department vehicle purchases and the State contract.

Alex explained the philosophy of replacing police vehicles at 90,000 miles.

Council and Staff discussed body cameras and the costs that would be associated with cameras and storage of data.

Chief Ward reviewed trends in mobile mapping for the fire engines and ambulances. He said they were looking at replacing current hardware in ambulances with tablets that could also be used for electronic

patient reporting, which would help with the billing process.

Mayor Stevenson asked if there were things in the departments, if there was money available, that would be good for the City to have; a wish list of items.

Terry Coburn said no; Layton did a good job of having sufficient equipment. He said the telemetry system would eventually need to be replaced.

Allen Swanson said the bottom line was that they would get the job done. He said the City was very good at keeping equipment to a good standard.

Mayor Stevenson asked about the Police Department facility.

Allen said they were getting by; a new facility wasn't needed right now. He said a new facility would maybe be needed in 10 years; the only thing that was lacking right now was adequate evidence storage area. Allen explained that they were using the basement area of the Arts Council building for additional storage.

David Price said the pressure for their Department came from users and outside agencies. He said the largest request they had was for places to play; fields for kids to play on. David said competition level teams could not be accommodated; recreational uses were in good shape.

Kevin Ward said there would be some apparatus needs coming in the future. He said call volume increased every year, but these were big ticket items. Kevin said the City had looked at future station locations and staffing would be the big expense.

Mayor Stevenson said if a new station was built was there sufficient equipment to accommodate the station.

Kevin said an engine could be moved from another station; it would be better with another piece of equipment.

Bill Wright, Community and Economic Development Director, said their needs were being met; this year they were purchasing new plotters.

Mayor Stevenson asked what the most important position in his department would be to Staff.

Bill said if things continued to ramp up their planners were getting spread very thin.

Tracy said the Finance Department was in good shape. He said the new financial software would be a great improvement. Tracy said personnel on the front counter could be a little thin if people called in sick.

Jim Mason said their greatest need was in the IT Division with replacing equipment. He said they had sufficient funding to do what was needed. Jim said they were able to stay up very well on maintenance with facilities.

Mayor Stevenson asked Alex what the City was going to need in the next 5 to 10 years.

Alex said his emphasis was to focus on good infrastructure and provide good transportation and facilities; making the community attractive so that people wanted to come here.

Councilmember Freitag arrived at 11:09 a.m.

Alex said purchasing large vehicles for public works was a need because of the cost. He said the condition of the infrastructure was important to address. Alex said absent the UTOPIA situation being

resolved, and the State addressing transportation funding, it was hard to stay optimistic about improving infrastructure.

Alex said he didn't think the Police Department facility was needed right now; they could make the one they had work for now. He said a new facility would be 30 to 35 million dollars. Alex said another desire was a shooting range training facility for the Police Department.

Alex said a new fire truck would cost \$515,000; to staff one engine was an additional \$500,000, which would be an ongoing cost. He said the cost was about \$190,000 for a new ambulance.

Kevin said they remounted the ambulances onto new chassis, which saved a lot of money.

Alex said current revenue streams were not maintaining; if the UTOPIA debt went away that would be a huge impact. He said it would be key to keep doing the fundamentals well, and then add some things that were important to the community.

Mayor Stevenson asked how Layton's property tax rate compared to other entities.

Tracy displayed a graph of other comparable cities. He indicated that West Valley was double Layton's; Layton had a lower rate than a lot of cities.

Mayor Stevenson said good planning for the future was very important. He said this year might not be a good year to make a change to property tax because of RAMP tax and UTOPIA maybe being on the ballot, but the City needed to plan ahead for future needs. Mayor Stevenson said it was also important to work on economic development and building sales tax.

Mayor Stevenson mentioned a private partnership with the pool.

Councilmember Brown said at some time in the future the City might want to look at keeping the property tax rate steady. A small increase every year was better than a big increase every few years.

Tracy discussed truth in taxation and the idea of raising property tax a little every year.

Councilmember Francis expressed support of doing a truth in taxation every year; maybe not this year, but every year whether or not there was a tax increase.

Mayor Stevenson said with 2.5 million dollars going to UTOPIA, it was very important to take care of that. He said in the future there could be additional revenue from people using the service.

Tracy reviewed the capital improvement plan summary for next year.

Council and Staff discussed the sidewalk replacement program and how that was underfunded; and the liability associated with it.

Mayor Stevenson said he and the Council appreciated everything that Staff did. He said they didn't always agree, but once a decision was made everyone came together. Mayor Stevenson said in talking with other cities about the UTOPIA issues, he was very grateful for being a part of Layton.

Councilmember Francis said Staff was where the rubber met the road. He said Layton had the best City Manager in the western United States, and Staff was so very good. Councilmember Francis said he really appreciated Staff.

Councilmember Petro thanked Staff for the recent tours that she and Councilmember Day were able to take of the various departments. She said it made you appreciate where you lived; everyone did a good job.

Councilmember Brown said citizens only saw what went wrong; they didn't see what went on every day to make sure things went right. She said she appreciated the work that Staff did.

The meeting suspended at 11:38 a.m.

The meeting reconvened at 1:14 p.m.

The meeting reconvened with the Mayor, Council, Alex and Thieda Wellman, City Recorder, in attendance.

Mayor Stevenson said this would be an open discussion for any concerns or priorities the Council had.

Mayor Stevenson said the budget presentation was Staff's recommendations, but it came down to what the Council wanted to prioritize. He asked if there were things the Council would like to see happen; was there anything presented today that they had concerns with.

Councilmember Francis said UTOPIA and revenues were always a concern. He said if a new Police facility was 10 years out, they should start working on it now.

Councilmember Francis said the key for the City was marketing, marketing, marketing. He said he would like to see a marketing budget every year.

Mayor Stevenson said UTOPIA was without a doubt a key issue. He updated the Council on the status of UTOPIA and the Macquarie proposal.

Council and Staff discussed marketing strategies for UTOPIA.

Alex gave the Mayor and Council an update on the status of UIA and UTOPIA, and building infrastructure. He showed the Mayor and Council a map of the proposed areas for building in Layton.

The Mayor and Council discussed a referendum or opinion poll to the citizens on the Macquarie proposal.

Mayor Stevenson mentioned a possible fire sub-station, the Adams Canyon area, and an incentive for employee creativity.

Councilmember Brown mentioned the Vietnam Veterans Memorial being located behind the bowery in Commons Park. She said they were very excited about that. There was discussion about the memorial honoring all veterans. Councilmember Brown said the organization would be selling bricks to raise money. She said the group would be raising money for the memorial, and the City would be providing the location.

Councilmember Francis suggested moving the Veterans Park to a different location and possibly turning that area over to UTA for much needed parking.

The Mayor and Council discussed changing the name of Commons Park to Veterans Park and they discussed the Ronnenkamp property adjacent to City property.

The Mayor and Staff discussed dog parks. There was discussion about opening existing parks to allow for walking dogs on leashes. They discussed issues with waste and people picking up after their animals. Discussion suggested opening a couple of parks for dogs as a test.

Councilmember Freitag said he supported annual truth in taxation hearings whether taxes were raised or not.

Councilmember Freitag said he would like to see compensation for elected officials addressed. He said a flat salary for the Mayor didn't serve the City well. Councilmember Freitag suggested compensating the Mayor position for time spent, but leaving the Council pay at a flat rate. He suggested that Council pay be increased at the same percentage as employees.

Mayor Stevenson mentioned making health insurance benefits available for elected officials. He said the Mayor's position was a lot busier that it used to be, and the Council was more involved in additional things. Mayor Stevenson said he was 100% against a full time Mayor running the City; the City Manager was the best form of government.

Councilmember Freitag said he agreed that this form of government was best for a city this size.

Councilmember Brown commented about issues with paying the Mayor hourly, but the base salary could be more.

Councilmember Petro said it would be hard to police without negative ramifications.

Councilmember Brown suggested a survey of other cities.

Alex said that data was available. He said Staff did that as part of the salary survey. Alex said it could be adjusted based on the survey. He suggested that if health benefits were available to elected officials that it be at the same cost as employees.

The Mayor and Council discussed compensating elected officials that didn't use the insurance.

Alex said that would be different than what happened with employees, and it would almost double the Council's salary.

Mayor Stevenson suggested looking at it over the next year.

Alex said as part of the salary survey, that information could be gathered from other cities to see what they were providing to their elected officials.

Mayor Stevenson asked if there were any other projects that came to mind. He mentioned a public safety building and a fire station on the east side.

Councilmember Francis suggested a 5 and 10 year plan.

Councilmember Francis suggested a farmer's market in the hotel area every year.

Mayor Stevenson asked Councilmember Day about a farmers market.

Councilmember Day said his nephews sold produce at farmer's markets in the area.

Councilmember Francis also suggested doing more than selling produce; crafts and other items.

Councilmember Brown suggested using Commons Park as a location for a farmer's market.

Mayor Stevenson mentioned an interfaith council that was being discussed, and he mentioned the overpass being proposed by Kohl's. He talked about enhancements at the mall and a concept to reinvent the mall area. Mayor Stevenson mentioned a performing arts center.

Councilmember Brown handed out information for the transportation bill from ULCT.

Mayor Stevenson said the Vietnam War Memorial wall would turn out to be a very nice thing for the

community.

Councilmember Brown mentioned some issues with legislative bills and input from ULCT.

Councilmember Freitag mentioned a communications bill supported by the cities that was being fought by some in the telecom industry. He said the bill proposed a fee being added to telecom bills to help pay for infrastructure.

Councilmember Freitag said he would like to see a City cemetery; it was an important part of a community.

Councilmember Freitag suggested having prayers pre-planned before Council meetings. He suggested having someone from other faiths offer a prayer and not Staff.

The Mayor and Council discussed having Councilmembers be responsible for a month for finding people to say a prayer. They discussed the way the Mayor was handling scouts at the meetings.

Mayor Stevenson explained the history of the Lindquist Cemetery. He said there could be a study to see what the cost and ongoing cost would be for a cemetery. Mayor Stevenson suggested that Scott Carter could do the research.

Mayor Stevenson said IHC would begin building an out-care surgical center. He said there wouldn't be a hospital for now, but the surgical center would be built so that it could be expanded.

The Mayor and Council discussed a senior housing village concept that was being looked at on the north side of the Parkway near the IHC property.

Mayor Stevenson mentioned that WinCo was putting their papers into the City today and wanted to open by November.

The Mayor and Council discussed other development on the WinCo site.

Councilmember Brown expressed concerns with changing the development agreement.

Alex said not everything being proposed was in line with the development agreement. He said Staff was working with them to keep a quality project.

Thieda asked about the by mail election proposal.

Consensus was to go with a traditional election on machines because of costs.

Council and Staff discussed working with Tanner Clinic on accepting the City's new insurance plan.

Mayor Stevenson mentioned that the road going to the landfill from Highway 193 was being constructed by the Burn Plant.

Mayor Stevenson expressed appreciation to the Council. He said it was a good group and the first year had been very enjoyable. Mayor Stevenson said the City benefitted from Alex and his experience.

Alex said there were three things he would be taking away from the discussion: 1) make adjustments and take two parks that would allow dogs on leashes, one in the east and one in west; 2) do a comprehensive analysis of elected official's compensation looking at making an adjustment; and 3) have Scott Carter research the cost of a cemetery.

Mayor Stevenson suggested brainstorming for things to accomplish in the next five or ten years, and

looking at funding sources.

Alex said the CIP was meant to do that. He said the CIP would be looked at during the budget process, but he would have Tracy spend more time on that.

Mayor Stevenson said the City always painted a very positive picture of the City's finances. He said he thought that needed to be brought down a little and talk about the fact that there were a lot of things coming up and the City would need to find ways to finance them. Mayor Stevenson said the City needed to start talking about funding needs.

Councilmember Day asked if the next envisioning meetings had been scheduled.

Councilmember Petro said the City needed to work on following through on public involved projects more quickly, such as the envisioning project.

Alex said there had been a set schedule for those follow up meetings.

Councilmember Petro said the information presented at the last meeting was that there would be a follow up meeting in mid to late February, and here it was March. People were losing interest.

Alex said he wasn't aware that the date had slipped.

The meeting adjourned at 4:27 p.m.

Thieda Wellman, City Recorder